

*Charter Township of Cooper*  
*Kalamazoo County, Michigan*  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REPORT**  
*Year ended March 31, 2008*

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## INDEPENDENT AUDITORS' REPORT

**Board of Trustees  
Charter Township of Cooper, Michigan**

**We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Charter Township of Cooper, Michigan, as of March 31, 2008, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of Charter Township of Cooper, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.**

**We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.**

**In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Charter Township of Cooper, Michigan, as of March 31, 2008, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.**

**The budgetary comparison information, as listed in the contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The Charter Township of Cooper, Michigan has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.**



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**Board of Trustees  
Charter Township of Cooper, Michigan  
Page 2**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Cooper, Michigan's, basic financial statements. The supplementary information, as listed in the contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Sigfried Crandall P.C.*

**June 9, 2008**

## **BASIC FINANCIAL STATEMENTS**

**Charter Township of Cooper**  
**STATEMENT OF NET ASSETS**  
 March 31, 2008

	<u><b>Governmental activities</b></u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 3,118,468
Investments	722,370
Receivables, net	288,490
Prepaid expenses	<u>9,187</u>
Total current assets	<u>4,138,515</u>
Noncurrent assets:	
Receivables, net	1,687,028
Capital assets, not being depreciated	62,612
Capital assets, net of accumulated depreciation	<u>1,302,617</u>
Total noncurrent assets	<u>3,052,257</u>
Total assets	<u>7,190,772</u>
<b>LIABILITIES</b>	
Current liabilities:	
Payables	47,617
Current maturities of long-term debt	<u>100,000</u>
Total current liabilities	147,617
Noncurrent liabilities - long-term debt	<u>2,000,000</u>
Total liabilities	<u>2,147,617</u>
<b>NET ASSETS</b>	
Invested in capital assets	1,365,229
Restricted - public works	117,435
Unrestricted	<u>3,560,491</u>
Total net assets	<u>\$ 5,043,155</u>

See notes to financial statements

**Charter Township of Cooper**  
**STATEMENT OF ACTIVITIES**  
Year ended March 31, 2008

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		<u>Program Revenues</u>		
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>
	<u>Expenses</u>	<u>services</u>	<u>grants and</u>	<u>grants and</u>
			<u>contributions</u>	<u>contributions</u>
<b>Functions/Programs</b>				
Governmental activities:				
Legislative	\$ 10,831	\$ -	\$ -	\$ -
General government	762,096	151,641	-	30,000
Public safety	307,927	40,226	-	36,822
Public works	216,975	111,269	8,614	139,857
Community and economic development	26,158	12,269	-	-
Interest	96,708	73,149	-	-
Total governmental activities	<u>1,420,695</u>	<u>388,554</u>	<u>8,614</u>	<u>206,679</u>

General revenues:

Taxes  
State grants  
Franchise fees  
Investment income

Total general revenues

Changes in net assets

Net assets - beginning

Net assets - ending

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***Net (expenses)  
revenues and  
changes in  
net assets***

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***Governmental  
activities***

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\$ (10,831)  
(580,455)  
(230,879)  
42,765  
  
(13,889)  
(23,559)  

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(816,848)  

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236,129  
598,557  
82,284  

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222,160

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1,139,130

322,282

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4,720,873

\$ 5,043,155

See notes to financial statements

**Charter Township of Cooper**  
**BALANCE SHEET - governmental funds**  
 March 31, 2008

	<u>General</u>	<u>Water &amp; Sewer</u>	<u>Collingwood Debt</u>
<b>ASSETS</b>			
Cash	\$ 667,995	\$ 1,513,570	\$ 528,802
Investments	722,370	-	-
Receivables	147,419	586,320	1,196,260
Prepaid expenses	9,187	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 1,546,971</u>	<u>\$ 2,099,890</u>	<u>\$ 1,725,062</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Payables	\$ 27,917	\$ -	\$ -
Deferred revenue	-	586,320	1,177,214
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>27,917</u>	<u>586,320</u>	<u>1,177,214</u>
Fund balances:			
Unreserved	1,519,054	1,513,570	547,848
Unreserved, reported in non major - special revenue funds	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>1,519,054</u>	<u>1,513,570</u>	<u>547,848</u>
Total liabilities and fund balances	<u>\$ 1,546,971</u>	<u>\$ 2,099,890</u>	<u>\$ 1,725,062</u>

Amounts reported for *governmental activities* in the statement of net assets (page 5) are different because:

Total fund balances

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds.

Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued interest is not available (\$36,300) or due (\$19,700) in the current period and, therefore, is not reported in the funds.

Special assessments receivable are not available to pay for the current period's expenditures and, therefore, are deferred in the funds.

Net assets of *governmental activities*

<b><i>Nonmajor governmental funds</i></b>	<b><i>Total governmental funds</i></b>
\$ 408,101	\$ 3,118,468
-	722,370
9,219	1,939,218
-	9,187
<u>\$ 417,320</u>	<u>\$ 5,789,243</u>
\$ -	\$ 27,917
-	1,763,534
<u>-</u>	<u>1,791,451</u>
-	3,580,472
<u>417,320</u>	<u>417,320</u>
<u>417,320</u>	<u>3,997,792</u>
<u>\$ 417,320</u>	<u>\$ 5,789,243</u>
	3,997,792
	1,365,229
	(2,100,000)
	16,600
	<u>1,763,534</u>
	<u>\$ 5,043,155</u>

See notes to financial statements

**Charter Township of Cooper****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - governmental funds**

Year ended March 31, 2008

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	<u>General</u>	<u>Water &amp; Sewer</u>	<u>Collingwood Debt</u>
<b>REVENUES</b>			
Taxes	\$ 236,129	\$ -	\$ -
Federal grants	36,822	-	-
State grants	607,171	-	-
Licenses and permits	133,611	-	-
Charges for services	135,092	154,003	-
Interest and rentals	187,857	29,355	74,293
Other	<u>3,132</u>	<u>769</u>	<u>91,397</u>
Total revenues	<u>1,339,814</u>	<u>184,127</u>	<u>165,690</u>
<b>EXPENDITURES</b>			
Legislative	10,831	-	-
General government	733,488	-	-
Public safety	247,694	-	-
Public works	81,239	37,728	-
Community and economic development	26,158	-	-
Debt service:			
Principal	-	14,223	100,000
Interest	-	1,271	96,537
Capital outlay	<u>80,734</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,180,144</u>	<u>53,222</u>	<u>196,537</u>
<b>NET CHANGES IN FUND BALANCES</b>	159,670	130,905	(30,847)
<b>FUND BALANCES - BEGINNING</b>	<u>1,359,384</u>	<u>1,382,665</u>	<u>578,695</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 1,519,054</u>	<u>\$ 1,513,570</u>	<u>\$ 547,848</u>

<b><i>Nonmajor governmental funds</i></b>	<b><i>Total governmental funds</i></b>
\$ -	\$ 236,129
-	36,822
-	607,171
-	133,611
-	289,095
8,288	299,793
<u>111,269</u>	<u>206,567</u>
 119,557	 1,809,188
-	10,831
-	733,488
-	247,694
84,901	203,868
-	26,158
-	114,223
-	97,808
<u>25,106</u>	<u>105,840</u>
 110,007	 1,539,910
9,550	269,278
<u>407,770</u>	<u>3,728,514</u>
 <u>\$ 417,320</u>	 <u>\$ 3,997,792</u>

See notes to financial statements

**Charter Township of Cooper**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - governmental funds (Continued)**  
*Year ended March 31, 2008*

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Net change in fund balances - total governmental funds (from page 8) \$ 269,278

Amounts reported for *governmental activities* in the statement of activities  
(page 6) are different because:

Capital assets:

Assets acquired	139,033
Provision for depreciation	(104,528)
Basis of assets disposed	(613)

Long-term debt:

Principal repayments	114,223
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Changes in other assets/liabilities:

Change in interest receivable	10,100
Change in interest payable	1,100
Net decrease in deferred revenue	<u>(106,311)</u>

Change in net assets of <i>governmental activities</i>	<u>\$ 322,282</u>
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*See notes to financial statements*

**Charter Township of Cooper**  
**STATEMENT OF FIDUCIARY NET ASSETS - Agency Fund**  
*March 31, 2008*

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**ASSETS**

Cash	\$ <u>438</u>
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**LIABILITIES**

Payables	\$ <u>438</u>
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*See notes to financial statements*

**Charter Township of Cooper**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the Charter Township of Cooper, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

*a) Reporting entity:*

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

*b) Government-wide and fund financial statements:*

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

*c) Measurement focus, basis of accounting, and financial statement presentation:*

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

**Charter Township of Cooper**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

*c) Measurement focus, basis of accounting, and financial statement presentation (continued):*

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable only when cash is received by the government.

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Water & Sewer Fund accounts for the financial resources used for the expansion and maintenance of water and sewer lines within the Township. Revenues are primarily derived from connection fees and special assessments.

The Collingwood Debt Fund accounts for the financial resources used for payments of long-term bond obligations. Revenues are primarily derived from special assessments.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector standards.

The Township reports a single fiduciary fund, Agency Fund, which accounts for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

**Charter Township of Cooper**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**d) Assets, liabilities, and net assets or equity:**

i) *Bank deposits* - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

ii) *Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) *Prepaid items* - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

iv) *Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, other than infrastructure, are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated or amortized using the straight-line method over the following useful lives:

Buildings and improvements	15 - 40 years
Equipment	3 - 5 years
Vehicles	3 - 20 years

v) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Charter Township of Cooper**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

*d) Assets, liabilities, and net assets or equity (continued):*

*vi) Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. The Township considers property taxes levied December 1 to be revenue of the current year.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year.

The following schedule sets forth significant budget variations:

<u>Fund</u>	<u>Function</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance</u>
Water & Sewer	Public works	\$ 46,000	\$ 53,222	\$ 7,222

**NOTE 3 - CASH AND INVESTMENTS:**

At March 31, 2008, cash and investments are classified in the accompanying financial statements as follows:

*Statement of net assets:*

Primary government:	
Cash	\$ 3,118,468
Investments	722,370
Fiduciary fund - cash	<u>438</u>
Total cash and investments	<u>\$ 3,841,276</u>

At March 31, 2008, cash and investments consist of the following:

Cash on hand	\$ 50
Deposits with financial institutions	3,118,856
Investments	<u>722,370</u>
Total	<u>\$ 3,841,276</u>

**Charter Township of Cooper**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 3 - CASH AND INVESTMENTS (Continued):**

*Deposits with financial institutions:*

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Township's deposits are in accordance with statutory authority.

Custodial credit risk of deposits is the risk that, in the event of the failure of a depository financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized. As of March 31, 2008, \$1,858,197 of the Township's bank balances of \$3,143,987 was exposed to custodial credit risk because it was uninsured.

The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

*Investments:*

State statutes and the Township's investment policy authorize the Township to invest in a) obligations of the U.S. Treasury, agencies, and instrumentalities; b) commercial paper rated within the two highest rate classifications, which mature not more than 270 days after the date of purchase; c) repurchase agreements, collateralized by U.S. governmental securities; d) bankers' acceptances; and e) mutual funds composed of otherwise legal investments. The Township's investments are carried at cost, which approximates fair market value.

The Township's investments are subject to several types of risk, which are discussed below:

*Custodial credit risk.* Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the Township will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. State statutes and the Township's investment policy do not contain requirements that would limit the exposure to custodial credit risk for investments. At year end, the following investment securities were uninsured and unregistered and held by three broker-dealers (counterparty's) that purchased the securities for the Township:

<u>Investment type</u>	<u>Carrying amount</u>
Commerical paper	\$ 420,000
U.S. government and agency securities	<u>302,370</u>
	<u>\$ 722,370</u>

**Charter Township of Cooper**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 3 - CASH AND INVESTMENTS (Continued):**

*Interest rate risk.* Interest rate risk is the risk that the value of an investment will decrease as a result of an increase in market interest rates. Generally, longer investment maturities generate more sensitivity to changes in an investment's fair value due to changes in market interest rates. The Township monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The Township's investment policy has no specific limitations with respect to maturities of investments. At year end, the average maturities of the Township's investments are as follows:

<i>Investment type</i>	<i>Financial Institution</i>	<i>Fair value</i>	<i>Weighted average maturity (in years)</i>
Commercial Paper	Bank of America	\$ 420,000	0.05
U.S. government and agency securities:			
Federal Home Loan Bank	Multi-Bank Securities	100,844	0.59
Federal Home Loan Mortgage Corporation	Multi-Bank Securities	101,253	0.67
Federal Home Loan Mortgage Corporation	Multi-Bank Securities	<u>100,273</u>	0.87
		<u>\$ 722,370</u>	2.18

*Credit risk.* Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. At year end, the credit quality ratings of the Township's investments are as follows:

<i>Investment type</i>	<i>Fair value</i>	<i>Rating</i>	<i>Rating organization's</i>
Commercial Paper	\$ 420,000	A-1	S&P
U.S. government and agency securities:			
Federal Home Loan Bank	100,844	AAA	S&P
Federal Home Loan Mortgage Corporation	101,253	AAA	S&P
Federal Home Loan Mortgage Corporation	<u>100,273</u>	AAA	S&P
	<u>\$ 722,370</u>		

**Charter Township of Cooper**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 3 - CASH AND INVESTMENTS (Continued):**

*Concentration of credit risk.* State statutes and the Township's investment policy place no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities) that represent 5% or more of the Township's total investment are as follows:

<u>Issuer</u>	<u>Financial Institution</u>	<u>Fair value</u>	<u>Percentage</u>
Commercial Paper	Bank of America	\$ 420,000	58%
U.S. government and agency securities:			
Federal Home Loan Bank	Multi-Bank Securities	100,844	14%
Federal Home Loan Mortgage Corporation	Multi-Bank Securities	101,253	14%
Federal Home Loan Mortgage Corporation	Multi-Bank Securities	100,273	14%

**NOTE 4 - RECEIVABLES:**

Receivables as of year end for the government's individual major and nonmajor funds, in the aggregate, are as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Interest</u>	<u>Property taxes</u>	<u>Special assessments</u>	<u>Inter-governmental</u>	<u>Totals</u>
General	\$ 32,890	\$ -	\$ 20,475	\$ -	\$ 94,054	\$ 147,419
Water & Sewer	-	-	-	586,320	-	586,320
Collingwood Debt	-	-	-	1,196,260	-	1,196,260
Other governmental	-	-	-	9,219	-	9,219
	\$ 32,890	\$ -	\$ 20,475	\$ 1,791,799	\$ 94,054	\$ 1,939,218
Noncurrent portion	\$ -	\$ -	\$ -	\$ 1,687,028	\$ -	\$ 1,687,028

All receivables are considered fully collectible.

**Charter Township of Cooper**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 5 - CAPITAL ASSETS:**

Capital asset activity for the year ended March 31, 2008, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Governmental activities:				
Capital assets not being depreciated - land	\$ 37,506	\$ 25,106	\$ -	\$ 62,612
Capital assets being depreciated:				
Buildings and improvements	650,168	-	-	650,168
Equipment	350,853	113,927	45,000	419,780
Vehicles	693,235	-	18,475	674,760
Infrastructure	401,029	-	-	401,029
Subtotal	<u>2,095,285</u>	<u>113,927</u>	<u>63,475</u>	<u>2,145,737</u>
Less accumulated depreciation for:				
Buildings and improvements	(298,908)	(17,084)	-	(315,992)
Equipment	(191,619)	(37,445)	44,387	(184,677)
Vehicles	(295,285)	(36,892)	18,475	(313,702)
Infrastructure	(15,642)	(13,107)	-	(28,749)
Subtotal	<u>(801,454)</u>	<u>(104,528)</u>	<u>62,862</u>	<u>(843,120)</u>
Total capital assets being depreciated, net	<u>1,293,831</u>	<u>9,399</u>	<u>613</u>	<u>1,302,617</u>
Governmental activities capital assets, net	<u>\$ 1,331,337</u>	<u>\$ 34,505</u>	<u>\$ 613</u>	<u>\$ 1,365,229</u>

Depreciation expense was charged to functions of the Township as follows:

	<i>Governmental activities</i>
General government	\$ 31,188
Public safety	60,233
Public works	<u>13,107</u>
Total	<u>\$ 104,528</u>

**Charter Township of Cooper**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 6 - NONCURRENT LIABILITIES:**

Long-term debt at March 31, 2008, is comprised of the following individual issue:

*Bonds payable:*

\$2,650,000 sanitary sewage disposal system limited tax obligation bonds. Payable in annual installments of \$100,000 to \$200,000, plus interest at 3.80% to 4.85%. \$ 2,100,000

Long-term debt activity for the year ended March 31, 2008, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>due within one year</u>
Governmental activities:					
Contract payable	\$ 14,223	\$ -	\$ (14,223)	\$ -	\$ -
Bonds payable	<u>2,200,000</u>	<u>-</u>	<u>(100,000)</u>	<u>2,100,000</u>	<u>100,000</u>
Total governmental activities	<u>\$ 2,214,223</u>	<u>\$ -</u>	<u>\$ (114,223)</u>	<u>\$ 2,100,000</u>	<u>\$ 100,000</u>

At March 31, 2008, debt service requirements on long-term debt are follows:

<u>Year ended March 31,</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	100,000	92,488
2010	100,000	88,613
2011	100,000	84,613
2012	125,000	80,025
2013	125,000	74,806
2014 - 2018	775,000	279,711
2019 - 2022	<u>775,000</u>	<u>76,312</u>
Totals	<u>\$ 2,100,000</u>	<u>\$ 776,568</u>

**Charter Township of Cooper**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 7 - PAYABLES:**

<u>Fund</u>	<u>Accounts</u>	<u>Payroll</u>	<u>Totals</u>
General	\$ 15,954	\$ 11,963	\$ 27,917

**NOTE 8 - DEFERRED REVENUE:**

Governmental funds report deferred revenues in connection with revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenues are as follows:

<u>Fund</u>	<u>Unavailable</u>
Water & Sewer	\$ 586,320
Collingwood Debt	<u>1,177,214</u>
Totals	\$ <u>1,763,534</u>

**NOTE 9 - CONSTRUCTION CODE ACT:**

A summary of construction code enforcement transactions for the year ended March 31, 2008, is as follows:

Revenues	\$ 41,134
Expenses	<u>(57,113)</u>
Deficiency of revenues over expenses	\$ <u>(15,979)</u>

**NOTE 10 - DEFINED CONTRIBUTION PENSION PLAN:**

The Township provides pension benefits for all its elected officials through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Michigan State Statute assigns the authority to establish and amend benefit provisions to the Township Board of Trustees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Officials and full-time staff are eligible to participate six months after they are elected or become full-time. The Township contributes annually 15% of the participant's base salary or \$100, whichever is more. Participants are fully vested after twenty months of service and are paid a termination benefit of a predetermined amount. Any amounts forfeited are used to reduce the Township's current period contribution requirement. The Township made the required 15% contribution plus past service amounts, with a total pension expense for the year of \$46,754. The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

**Charter Township of Cooper**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS:**

In addition to the pension benefits described above, the Township provides post-employment health care benefits, in accordance with a Board agreement, to all employees who retire from the Township with 70 points. Points are determined as one (1) point for every year of service and point eight (.8) points for each year of age. Expenditures are recognized as insurance premiums are paid. Currently there are two eligible retirees. The Township's expense for the year was \$22,749.

**NOTE 12 - RISK MANAGEMENT:**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has joined together with other local governmental units in the state to form the Michigan Municipal League Insurance Pool (MML), a public-entity risk pool currently operating as a common risk management and insurance program for local governmental units within the state. The Township pays an annual premium to MML for all of its insurance coverages. MML is self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$2,000,000 for each insured event.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Charter Township of Cooper**  
**BUDGETARY COMPARISON SCHEDULE - General Fund**  
Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 276,000	\$ 276,000	\$ 236,129	\$ (39,871)
Federal grants	82,905	82,905	36,822	(46,083)
State grants	587,000	587,000	607,171	20,171
Licenses and permits	165,450	165,450	133,611	(31,839)
Charges for services	110,000	110,000	135,092	25,092
Interest and rentals	76,848	76,848	187,857	111,009
Other	5,000	5,000	3,132	(1,868)
Total revenues	<u>1,303,203</u>	<u>1,303,203</u>	<u>1,339,814</u>	<u>36,611</u>
<b>EXPENDITURES</b>				
Legislative	<u>10,600</u>	<u>10,600</u>	<u>10,831</u>	<u>(231)</u>
General government:				
Supervisor	60,766	60,766	57,913	2,853
Election	19,200	19,200	18,932	268
Assessor	115,100	115,100	102,692	12,408
Clerk	96,116	96,116	87,797	8,319
Treasurer	65,166	65,166	62,818	2,348
Board of review	2,800	2,800	1,281	1,519
Cemetery	39,450	39,450	31,745	7,705
Professional services	21,500	21,500	20,712	788
Buildings and grounds	76,600	76,600	72,863	3,737
General operations	<u>307,000</u>	<u>307,000</u>	<u>276,735</u>	<u>30,265</u>
Total general government	<u>803,698</u>	<u>803,698</u>	<u>733,488</u>	<u>70,210</u>
Public safety:				
Fire protection	178,400	178,400	172,931	5,469
Building inspection	85,300	85,300	57,113	28,187
Ordinance enforcement	<u>20,000</u>	<u>20,000</u>	<u>17,650</u>	<u>2,350</u>
Total public safety	<u>283,700</u>	<u>283,700</u>	<u>247,694</u>	<u>36,006</u>
Public works - highways and streets	<u>91,000</u>	<u>91,000</u>	<u>81,239</u>	<u>9,761</u>
Community and economic development - planning and zoning	<u>31,600</u>	<u>31,600</u>	<u>26,158</u>	<u>5,442</u>

**Charter Township of Cooper****BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended March 31, 2008

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	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>EXPENDITURES (Continued)</b>				
Capital outlay	\$ 97,905	\$ 97,905	\$ 80,734	\$ 17,171
Total expenditures	<u>1,318,503</u>	<u>1,318,503</u>	<u>1,180,144</u>	<u>138,359</u>
<b>NET CHANGES IN FUND BALANCES</b>	(15,300)	(15,300)	159,670	174,970
<b>FUND BALANCES - BEGINNING</b>	<u>1,359,384</u>	<u>1,359,384</u>	<u>1,359,384</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$1,344,084</u>	<u>\$1,344,084</u>	<u>\$1,519,054</u>	<u>\$ -</u>

**Charter Township of Cooper**  
**BUDGETARY COMPARISON SCHEDULE - Water & Sewer Fund**  
Year ended March 31, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Charges for services	\$ 56,000	\$ 56,000	\$ 154,003	\$ 98,003
Interest	15,000	15,000	29,355	14,355
Other - special assessments	-	-	769	769
Total revenues	<u>71,000</u>	<u>71,000</u>	<u>184,127</u>	<u>113,127</u>
<b>EXPENDITURES</b>				
Public works	28,000	28,000	37,728	(9,728)
Debt service:				
Principal	15,000	15,000	14,223	777
Interest	<u>3,000</u>	<u>3,000</u>	<u>1,271</u>	<u>1,729</u>
Total expenditures	<u>46,000</u>	<u>46,000</u>	<u>53,222</u>	<u>(7,222)</u>
<b>NET CHANGES IN FUND BALANCES</b>	25,000	25,000	130,905	105,905
<b>FUND BALANCES - BEGINNING</b>	<u>1,382,665</u>	<u>1,382,665</u>	<u>1,382,665</u>	-
<b>FUND BALANCES - ENDING</b>	<u>\$1,407,665</u>	<u>\$1,407,665</u>	<u>\$1,513,570</u>	<u>\$ 105,905</u>

## **SUPPLEMENTARY INFORMATION**

**Charter Township of Cooper**  
**COMBINING BALANCE SHEET - nonmajor governmental funds**  
 March 31, 2008

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	<i>Special revenue funds</i>					<i>Totals</i>
	<i>Fire Improvement</i>	<i>Public Improvement</i>	<i>Roosevelt Road</i>	<i>Street Lighting</i>	<i>Recycling</i>	
<b>ASSETS</b>						
Cash	\$ 134,818	\$ 146,180	\$ 18,052	\$ 45,836	\$ 63,215	\$ 408,101
Receivables	-	-	835	3,710	4,674	9,219
Total assets	<u>\$ 134,818</u>	<u>\$ 146,180</u>	<u>\$ 18,887</u>	<u>\$ 49,546</u>	<u>\$ 67,889</u>	<u>\$ 417,320</u>
<b>FUND BALANCES</b>						
Unreserved, undesignated	<u>\$ 134,818</u>	<u>\$ 146,180</u>	<u>\$ 18,887</u>	<u>\$ 49,546</u>	<u>\$ 67,889</u>	<u>\$ 417,320</u>

**Charter Township of Cooper****COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - nonmajor governmental funds**

Year ended March 31, 2008

	<b><i>Special revenue funds</i></b>		
	<b><i>Fire Improvement</i></b>	<b><i>Public Improvement</i></b>	<b><i>Roosevelt Road</i></b>
<b>REVENUES</b>			
Interest	\$ 3,722	\$ 4,463	\$ 103
Other - special assessments	-	-	1,821
Total revenues	<u>3,722</u>	<u>4,463</u>	<u>1,924</u>
<b>EXPENDITURES</b>			
Public works	-	-	-
Capital outlay	-	25,106	-
Total expenditures	<u>-</u>	<u>25,106</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	3,722	(20,643)	1,924
<b>FUND BALANCES - BEGINNING</b>	<u>131,096</u>	<u>166,823</u>	<u>16,963</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 134,818</u>	<u>\$ 146,180</u>	<u>\$ 18,887</u>

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<u>Street Lighting</u>	<u>Recycling</u>	<u>Totals</u>
\$ -	\$ -	\$ 8,288
<u>51,923</u>	<u>57,525</u>	<u>111,269</u>
<u>51,923</u>	<u>57,525</u>	<u>119,557</u>
50,900	34,001	84,901
<u>-</u>	<u>-</u>	<u>25,106</u>
<u>50,900</u>	<u>34,001</u>	<u>110,007</u>
1,023	23,524	9,550
<u>48,523</u>	<u>44,365</u>	<u>407,770</u>
<u>\$ 49,546</u>	<u>\$ 67,889</u>	<u>\$ 417,320</u>

June 9, 2008

To the Board of Trustees  
Charter Township of Cooper

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Charter Township of Cooper for the year ended March 31, 2008, and have issued our report thereon dated June 9, 2008. Professional standards require that we provide you with the following information related to our audit.

*Our Responsibility under U.S. Generally Accepted Auditing Standards*

As stated in our engagement letter dated March 3, 2008, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Charter Township of Cooper are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. We noted no transactions entered into by the Charter Township of Cooper during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was capital asset depreciation.

Management's estimate of the capital asset depreciation is based on the estimated useful lives of the Township's capital assets. We evaluated the key factors and assumptions used to develop the capital asset depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.



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The disclosures in the financial statements are neutral, consistent, and clear.

***Audit Adjustments***

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. Management has recorded all of our proposed audit adjustments.

***Disagreements with Management***

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

***Management Representations***

We have requested certain representations from management that are included in the management representation letter associated with the audits for the year ended March 31, 2008.

***Other Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Charter Township of Cooper's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

***Communication Regarding Internal Control***

In planning and performing our audit of the financial statements of the Charter Township of Cooper as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Charter Township of Cooper's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls, and accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

The Township has not implemented a system of controls to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to achieve the objectives of recording revenue and expense accruals, the capitalization and depreciation of capital assets, and the presentation of financial statement disclosures. This is a recurring comment. The Township has determined that the additional benefits derived from implementing such a system would not outweigh the costs incurred to do so.

This communication is intended solely for the information and use of the Board of Trustees of the Charter Township of Cooper and the State of Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

*Sigfried Crandall P.C.*